



**Health Services**  
LOS ANGELES COUNTY

May 15, 2007

Los Angeles County  
Board of Supervisors

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First District

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The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF THREE AMENDMENTS TO  
FINANCIAL MANAGEMENT SERVICES AGREEMENTS**  
(All Districts) (3 votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Director of Health Services (hereafter Director), or his designee, to sign Amendment No. 6 with Accordis, Inc. (County Contract No. H-210553), Amendment No. 5 with California Reimbursement Enterprises, Inc. (County Contract No. H-207263), and Amendment No. 2 with Great Lakes Billing Services (County Contract No. H-300049), substantially similar to Exhibits I, II, and III, respectively, to assist County hospitals, health centers, and comprehensive health centers with third party resource identification and collection services effective July 1, 2007 through December 31, 2007, with delegated authority to extend the Agreement eight additional, one-month automatic renewal periods through August 31, 2008.
2. Approve and delegate authority to authorize the Director to terminate these Agreements for convenience in whole or in part as necessary to accommodate the Department of Health Services' revenue initiatives.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The Agreements with Accordis, Inc. (Accordis), California Reimbursement Enterprises, Inc. (CRE), and Great Lakes Billing Services (GLBS) will expire on June 30, 2007. These amendments will allow the Department to continue to receive revenues generated by Accordis, CRE and GLBS. Failure to secure the recommended amendments may result in losses in forecasted revenue negatively impacting the Department of Health Services' (Department or DHS) budget.

Bruce A. Chernof, MD  
Director and Chief Medical Officer

John R. Cochran III  
Chief Deputy Director

Robert G. Splawn, MD  
Senior Medical Director

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FISCAL IMPACT/FINANCING:

The total contract maximum for the Department is \$13,894,721 (\$10,952,440 for Accordis; \$2,892,664 for CRE; and \$49,617 for GLBS). \$13,597,284 funding is included in the Department's FY 2007-08 Proposed Budget. \$297,437 will be requested in the Department's FY 2007-08 Supplemental Budget Request, and will be offset with additional revenue. There is no impact on net County cost. For Fiscal Year (FY) 2005-06, Accordis, CRE, and GLBS assisted DHS in generating a total of \$120.0 million in gross revenue. The projected gross revenue for FY 2006-07 and FY 2007-08 is approximately \$151.0 million annually. All three vendors will continue to be paid a percentage contingent fee based on the revenue collected as a direct result of their services.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Accordis, Inc.

On June 1, 1999, the Board approved the Agreement with Accordis (formerly known as Health Management Systems) to provide a more efficient method of processing Commercial Insurance Billing Services, Medi-Cal Billing and Follow-up Services, Financial Management and Consulting Services, and Secondary Third-Party Resource Identification and Recovery Services at County hospitals, health centers, and comprehensive health centers. In subsequent years, amendments were executed to update contract language and extend the term.

On May 2, 2006, the Board approved an extension, effective July 1, 2006 to June 30, 2007. This requested extension will provide the additional time necessary to complete contract negotiations for a replacement Agreement with Accordis. Completion of this process is anticipated by December 31, 2007.

California Reimbursement Enterprises, Inc.

On June 15, 1999, the Board approved a sole source Agreement with CRE for the provision of Secondary Revenue Identification, Development and Recovery Services at County hospitals, health centers, and comprehensive health centers. CRE utilizes specialized expertise and proprietary algorithms to identify third-party coverage based on reconciliation of transposed and/or inconsistent demographic information (i.e., Social Security Number, date of birth, name, etc.). In subsequent years, amendments were executed to update contract language and extend the term.

On December 5, 2006, the Board approved an extension, effective January 1, 2007 through June 30, 2007 to allow the Department time to complete a competitive solicitation process. The current extension will allow for the completion of the solicitation, which is expected to be released within a few weeks.

#### Great Lakes Billing Services

On February 11, 2003, the Board approved the Agreement with GLBS for the provision of Out-of-State Medicaid Billing Services (OSMBS) at County hospitals, health centers, and comprehensive health centers. OSMBS provides a detailed analysis of patient accounts for determination of eligibility for Medicaid in the other 49 states, Washington, D.C., and the territories. Medicaid eligibility and billing requirements differ from state to state and consist of highly specialized and technical information.

On May 2, 2006, the Board approved an extension, effective July 1, 2006 to June 30, 2007. At this time, the Department is anticipating releasing a solicitation for these services within the next few months.

The Agreement with Accordis includes provisions for termination, with or without cause upon giving 90 days notice. The Agreements with CRE and GLBS include provisions for termination, with or without cause upon giving 30 days notice.

Exhibits I, II, and III have been approved as to form by County Counsel.

#### CONTRACTING PROCESS:

The Department is intending to release a Request for Proposal (RFP) for the services provided by CRE within a few weeks, and a RFP for the services provided by GLBS within the next few months. Also, the Department is anticipating finalizing negotiations for a replacement Agreement with Accordis by December 2007.

It is not appropriate to advertise amendments on the Los Angeles County Online Web Site as a contract/business opportunity.


#### IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommendations ensures that the services currently provided by Accordis, CRE, and GLBS continue uninterrupted. Failure to secure the recommended amendments could result in losses of forecasted revenue negatively impacting DHS' budget.

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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bruce A. Chernof", is written over a circular stamp.

Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

BAC:sd  
FMS\_BL.sdv.wpd

Attachments (4)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

**SUMMARY OF AGREEMENT**

1. **TYPE OF SERVICE:**

Financial Management Services

2. **AGENCY ADDRESSES AND CONTACT PERSONS :**

Accordis, Inc. (H-210533)  
401 Park Avenue South, 10th floor  
New York, NY 10016  
Attention: Chemain Sanan, Vice President  
Telephone: (770) 290-2422

California Reimbursement Enterprises, Inc. (H-207263)  
1126 Fontana Drive  
Alameda, CA 94502  
Attention: Eugene D. Lourey, President  
Telephone: (510) 337-1371

Great Lakes Billing Services (H-300049)  
322 South Green Street, Suite 402  
Chicago, IL 60607  
Attention: James A. Knepper  
Telephone: (800) 544-3458

3. **TERM:**

Effective July 1, 2007 through December 31, 2007, with delegated authority to extend the Agreement eight additional, one-month automatic renewal periods through August 31, 2008.

4. **FINANCIAL INFORMATION:**

For Fiscal Year (FY) 2005-06, Accordis, CRE, and GLBS assisted DHS in generating a total of \$120.0 million in gross revenue. The projected gross revenue for FY 2006-07 and FY 2007-08 is approximately \$151.0 million. All three vendors will continue to be paid a percentage contingent fee based on the revenue collected as a direct result of their services. Estimated contingency fees for each vendor during FY 2007-08 are: 1) Accordis - \$10,952,440; 2) CRE - \$2,892,664; and 3) Great Lakes Billing Services - \$49,618. Funding to pay contingency fees is included in the Department's FY 2007-08 Proposed Budget. There is no impact on net County cost.

5. **GEOGRAPHIC AREAS SERVED:**

Countywide.

6. **ACCOUNTABLE FOR MONITORING:**

Patricia Adams, Division Head, Revenue Management, Department of Health Services

7. **APPROVALS:**

Director of Finance: Allan Wecker

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to form): Robert E. Ragland, Senior Deputy